



# Overview of the Transportation, Infrastructure, and Capitals Appropriations Subcommittee Funding

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# Transportation, Infrastructure, & Capitals Subcommittee

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- **Reviews budgets and provides funding recommendations for the following budget areas:**
  - Department of Transportation
  - State agencies requesting funding for infrastructure, capital, and technology projects
  
- **Subcommittee passes two appropriation bills:**
  - Transportation Appropriations Bill
  - Infrastructure Appropriations Bill



## **The DOT budget is funded from two sources:**

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- **Road Use Tax Fund**
- **Primary Road Fund**
  - Primary Road Fund moneys originate from the Road Use Tax Fund



# Road Use Tax Fund Revenues

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## ➤ Main Sources:

### ➤ Prior to FY 2009

- **Motor Vehicle Fuel Taxes**
  - *Constitutionally protected*
- **Motor Vehicle Registration Fees**
  - *Constitutionally protected*
- **Motor Vehicle Use Tax –**  
5.0% tax on vehicle purchases
  - *Not constitutionally protected*

### ➤ Current (Per SF 2420)

- **Motor Vehicle Fuel Taxes**
  - *Constitutionally protected*
- **Motor Vehicle Registration Fees** – Up to \$392.0 million
  - *Constitutionally protected*
- **Fee for New Registration –**  
5.0% tax on vehicle purchases
  - *Constitutionally protected*



# Road Use Tax Fund Revenues

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## ➤ Main Sources:

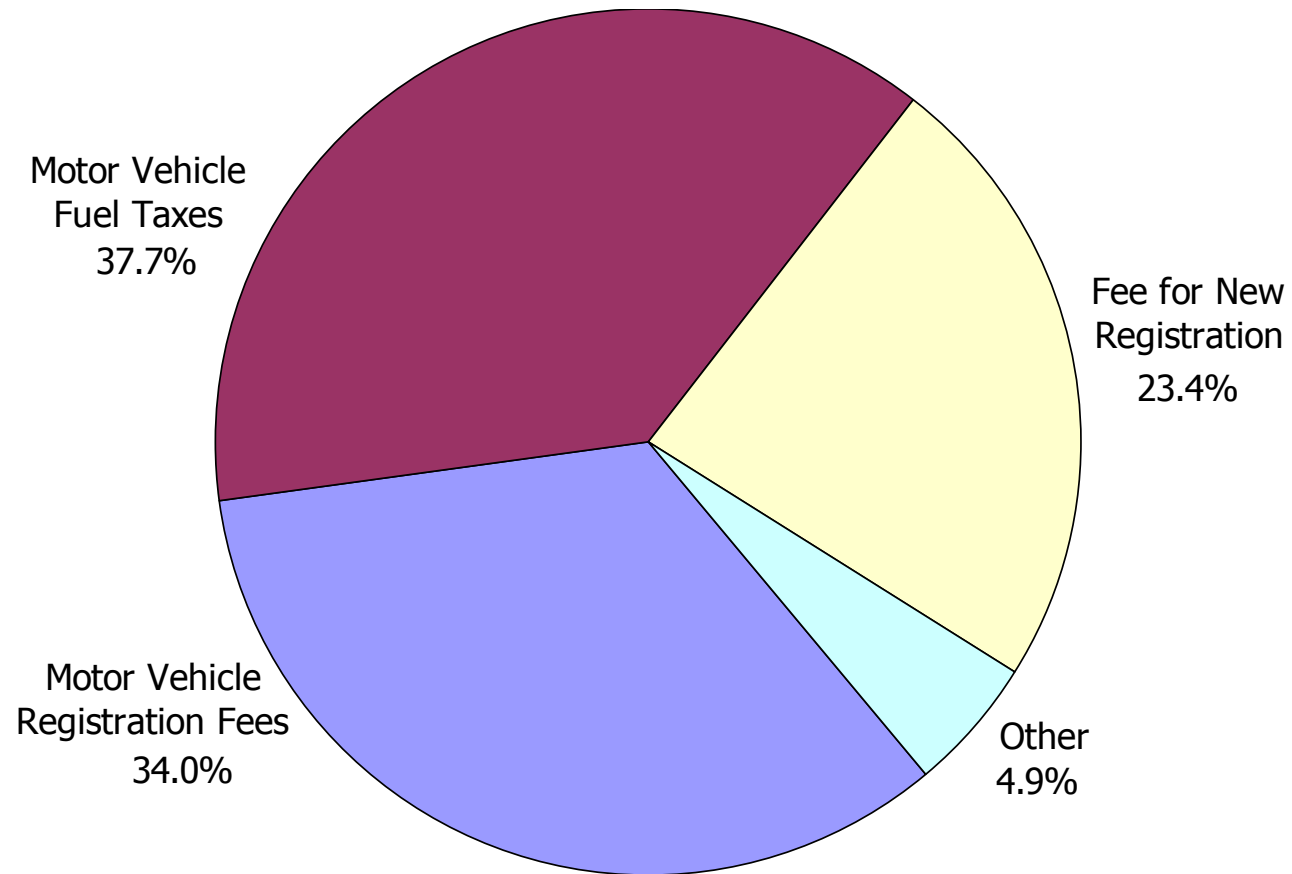
- Motor Vehicle Fuel Taxes
- Motor Vehicle Registration Fees
  - Up to \$392.0 million
- Fee for New Registration

## ➤ Other Sources:

- Underground Storage Tank Fees
- Interest
- Net Statutory Allocations Fund
- Miscellaneous

**\$1.15 Billion  
Annually**

# Road Use Tax Fund Revenues Estimated FY 2009





# Road Use Tax Fund Off-the-Top Allocations

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- A portion of Road Use Tax Fund revenue is appropriated either through standing appropriations established in the Code of Iowa or through the appropriations process.
- These Off-the-Top Allocations are used to fund various programs, equipment purchases, facility improvements, and Department of Transportation operations.



# Examples of Off-the-Top Allocations

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## ➤ Statutory Allocations

- Primary Road Fund (Commercial & Industrial Network)
- RISE (Revitalize Iowa's Sound Economy)
- Park & Institutional Roads
- Highway Safety Projects
- City/County Bridge Fund
- County Treasurers

## ➤ Annual Appropriations

- DOT Operating Appropriations
- Driver's License Equipment Lease
- County Treasurers
- 511 Travel/Weather Information System
- Transportation Maps



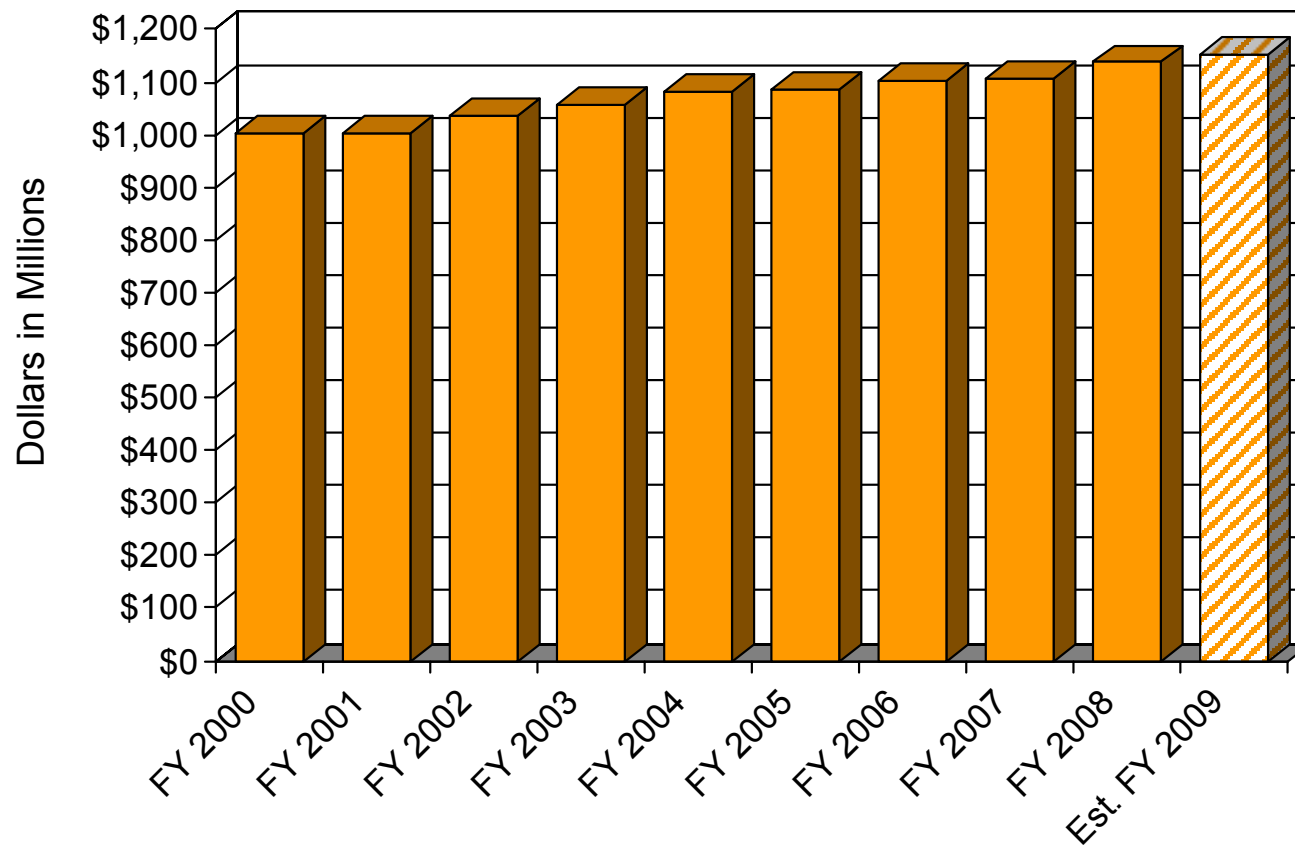


# Road Use Tax Fund Distributions

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- After the Off-the-Top Allocations are funded, the remaining Road Use Tax Fund dollars (roughly \$990.0 million) are distributed to the following funds for construction and maintenance of roads:
  - **Primary Road Fund** (State): 47.5%
  - **Secondary Road Fund** (Counties): 24.5%
  - **Farm-to-Market Road Fund** (Counties): 8.0%
  - **City Street Fund** (Cities): 20.0%

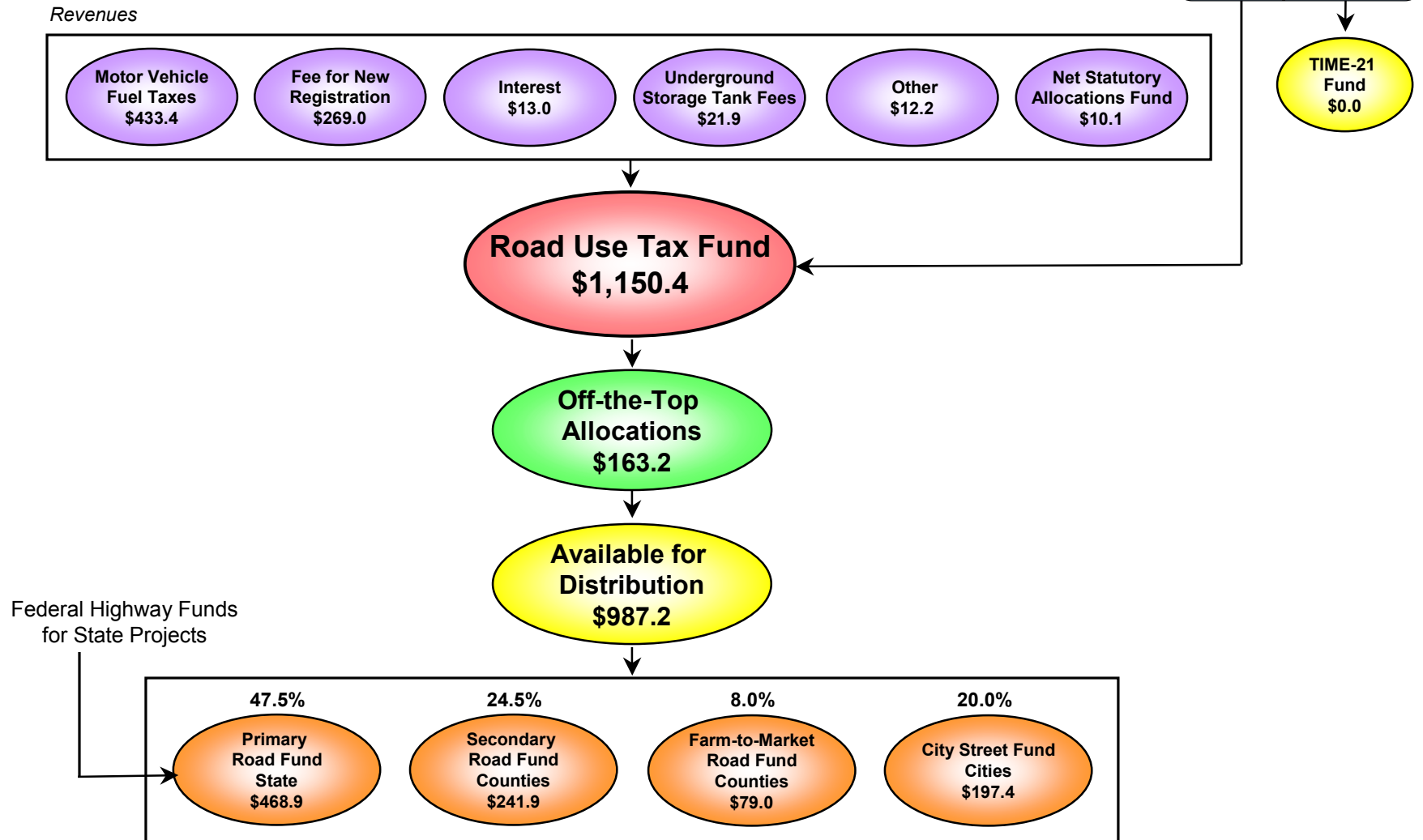
# Road Use Tax Fund Revenues 10-Year Comparison



# Road Use Tax Fund

## Est. FY 2009 Revenues & Allocations

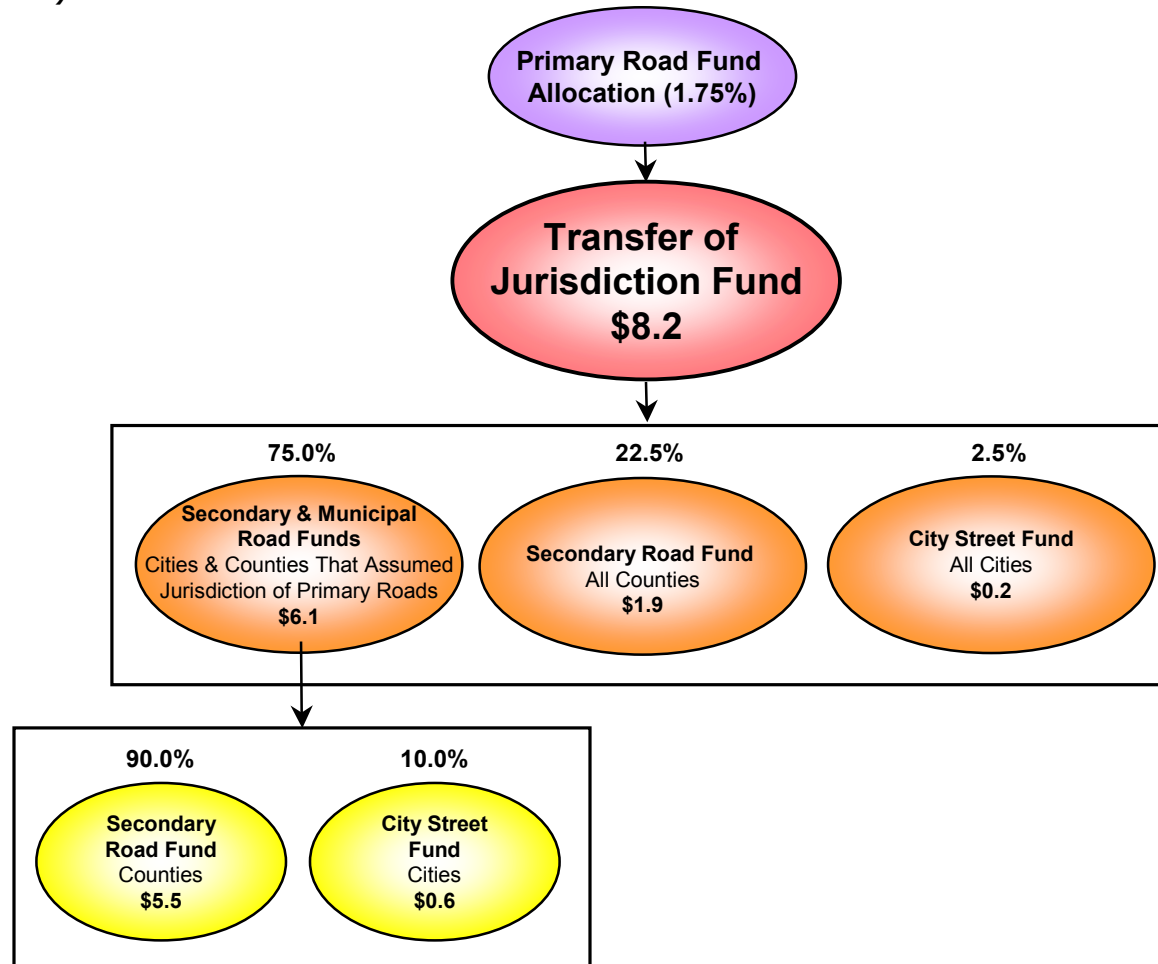
(Dollars in Millions)



# Transfer of Jurisdiction Fund

Est. FY 2009 Revenues & Allocations

(Dollars in Millions)



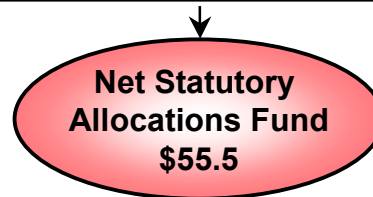
**Note:** In addition to the above transfers, in FY 2005, the jurisdiction and control of approximately 400 miles of Farm-to-Market road extensions in cities with a population of less than 500 were transferred to the respective counties (not shown in the above table). As a result, a portion of Municipal Road Fund from those cities is transferred monthly to the Secondary Road Fund of the respective counties. The total amount transferred is estimated at \$2.1 million annually.

# Statutory Allocations Fund

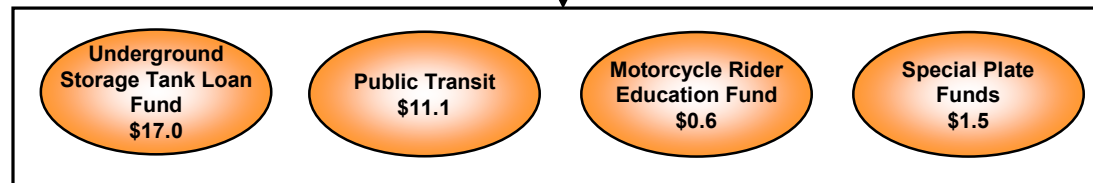
## Est. FY 2009 Revenues & Allocations

(Dollars in Millions)

### Revenues



### Order of Allocations



As Necessary

Railway Finance  
Authority

Primary Road  
Fund  
(Bordering  
Bridges)

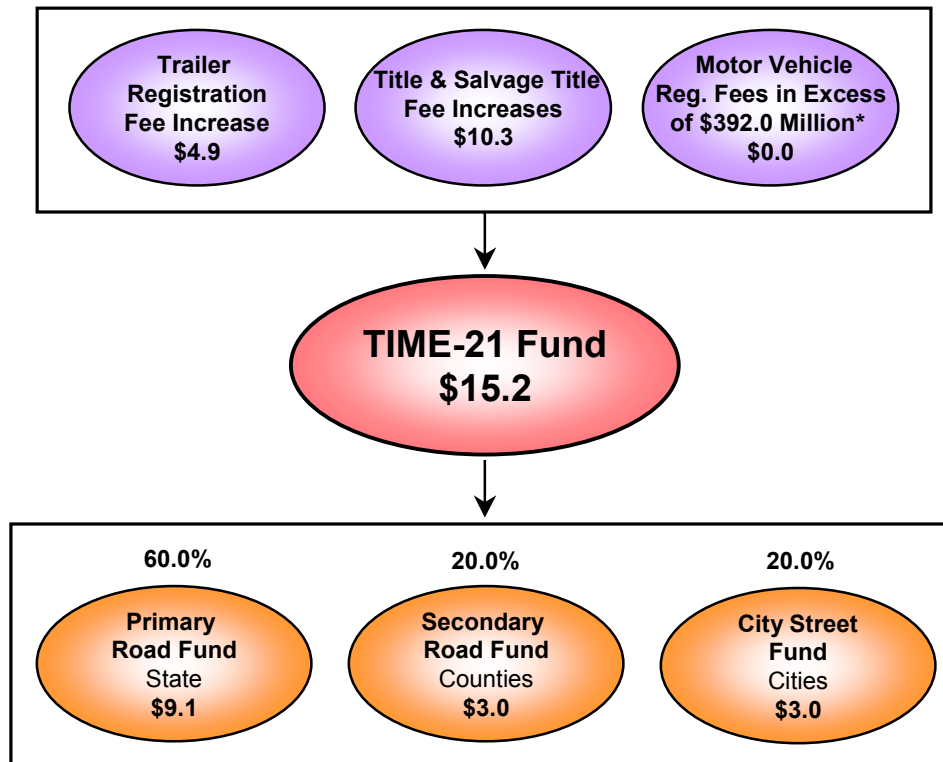
\* Includes: (1) The use tax on mobile homes and manufactured homes and on leased vehicles not subject to registration and (2) The fee for new registration for trailers.

\*\* Includes fee increases from trailer registrations and titles (including regular, salvage, and manufacturing titles).



# TIME-21 Fund

## Est. FY 2009 Revenues & Allocations (Dollars in Millions)



\* In FY 2010 and subsequent years, more than \$392.0 million is estimated to be collected from motor vehicle registration fees. A total of \$434.6 million is estimated to be collected in FY 2010, of which \$42.6 million would be deposited into the TIME-21 Fund.



# Department of Transportation Budget Units

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- **Operations** – DOT operating divisions.
- **Special Purpose** – Items that are not directly related to DOT operations, that serve a specific purpose, or that may vary in cost from year to year.
- **Capitals** – Infrastructure improvements that are typically one-time projects, although funding may be requested for similar projects each year in different locations.



# Current Infrastructure Funding Sources

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- **Rebuild Iowa Infrastructure Fund - (RIIF)**
- **Technology Reinvestment Fund - (TRF)**
- **Tobacco Funds**
  - **Restricted Capital Fund - (RCF)**
  - **Endowment for Iowa's Health Restricted Capitals Fund- (RC2)**
  - ***FY 2009 Restricted Capital Fund - (RC3)***
- **FY 2009 Prison Bonding Fund - (PBF)**





# Rebuild Iowa Infrastructure Fund

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- **RIIF was established in 1995 Legislative Session with a \$50.0 million General Fund appropriation for FY 1996**
  
- **Current revenue sources**
  - **Interest earnings from the “Rainy Day Funds”**
  - **Interest earnings from moneys in RIIF and Environment First Fund**
  - **Moneys of State Wagering Taxes that are in excess of other allocations**

## Distribution of State Wagering Taxes Section 8.57 Allocations

Land-based and riverboat casinos  
pay State wagering taxes

FY 2010 - \$281.4 million

*Allocations in Section 8.57, Code of Iowa*

\$60.0 million  
General Fund

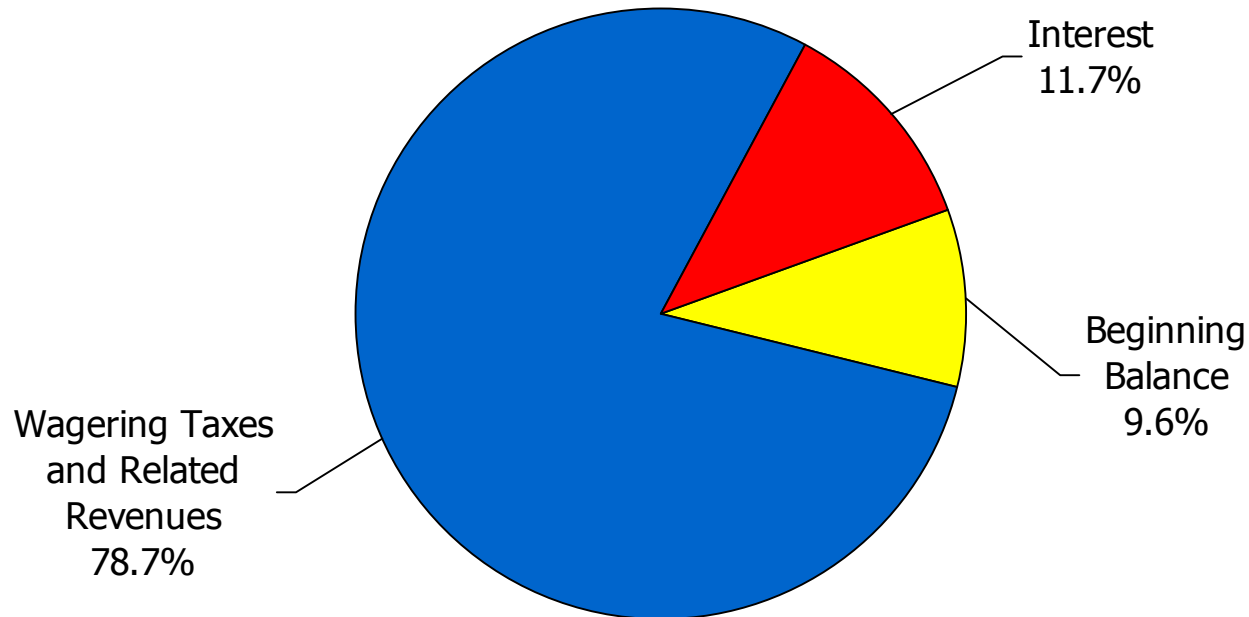
\$15.0 million  
Vision Iowa Fund

\$5.0 million  
School Infrastructure Fund

*remainder* deposits into  
Rebuild Iowa Infrastructure Fund

FY 2010 - \$201.4 million

## RIIF Revenues by Source FY 2010 Estimate as of January 1, 2009



Total estimated revenues: \$255.9 million\*

**\*Note:** Bills affecting the RIIF are not included in this estimate. Estimated revenue will be updated as the Legislative Session continues. Furthermore, the interest estimate was not adjusted for lower interest rates due to the recession and will be revised.



# Recent and future changes in revenue affecting RIIF

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## ➤ Tax Credits to Casinos

- Beginning in FY 2009 - land-based casinos tax credit for 5 years
  - Estimated reduction in revenues to RIIF - \$4.6 million annually
- Beginning in FY 2011 - riverboat casinos tax credit 5 years
  - Estimated reduction in revenues to RIIF - \$6.0 million annually

## ➤ Amount of moneys in rainy day funds

- Disaster Aid Bill reduces rainy day funds by **\$56.0 million**
  - Estimated reduction in interest is likely to be **\$1.8 - 2.4 million**

## ➤ Interest rates

# Rebuild Iowa Infrastructure Fund

Balance Sheet as of January 1, 2009\*  
(Dollars in Millions)

	Actual FY 2007	Actual FY 2008	Est. FY 2009	Est. FY 2010	Est. FY 2011	Est. FY 2012
<b><u>Revenues</u></b>						
Balance Forward	\$ 25.0	\$ 49.7	\$ 32.2	\$ 24.5	\$ 0.0	\$ 0.0
Wagering Taxes/Related Revenues	128.8	211.3	206.5	201.4	198.4	201.4
Interest	30.9	32.9	30.0	30.0	30.0	30.0
Other Revenue	2.8	0.0	8.4	0.0	0.0	0.0
<b>Total Revenues</b>	<b>187.5</b>	<b>293.9</b>	<b>277.1</b>	<b>255.9</b>	<b>228.4</b>	<b>231.4</b>
<b><u>Appropriations</u></b>						
Environment First Fund	35.0	40.0	42.0	42.0	42.0	42.0
Housing Trust Fund	0.0	0.0	3.0	3.0	3.0	3.0
Vertical Infrastructure Fund	15.0	50.0	0.0	0.0	0.0	0.0
Technology Reinvestment Fund	0.0	0.0	17.5	17.5	0.0	0.0
Other Appropriations	89.3	172.1	190.1	143.4	38.5	33.8
<b>Total Appropriations</b>	<b>139.3</b>	<b>262.1</b>	<b>252.6</b>	<b>205.9</b>	<b>83.5</b>	<b>78.8</b>
Reversions	-1.5	-0.4	0.0	0.0	0.0	0.0
<b>Available for Appropriation</b>				<b>50.0</b>	<b>144.9</b>	<b>152.6</b>
Ending Balance	\$ 49.7	\$ 32.2	\$ 24.5	\$ 0.0	\$ 0.0	\$ 0.0



# FY 2010 Appropriations – RIIF Standing and Previously Enacted

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## Standing Appropriations

Environment First Fund	\$ 42,000,000
State Housing Trust Fund	3,000,000

## Previously Enacted for FY 2010

Grow Iowa Values Fund	50,000,000
Regents - Tuition Replacement	24,305,412
Technology Reinvestment Fund	17,500,000
New State Office Building	12,657,100
Regents - ISU - Biorenewables Building	11,597,000
Regents - SUI Institute for Biomedical Discovery	10,000,000
DPD - Statewide Modernization at Readiness Centers	1,800,000
DPD - Gold Star Museum	1,000,000

## Multi-year Appropriation with Sunset

Community Attraction and Tourism (CAT) - <i>sunsets FY 2013 *</i>	12,000,000
River Enhancement Community Attraction and Tourism (RECAT) - <i>sunsets FY 2013</i>	10,000,000
Secure an Advanced Vision for Education (SAVE) Fund - <i>sunsets FY 2014</i>	10,000,000

Total	<u>\$ 205,859,512</u>
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\* (\$12.0 million for FY 2010 only, beginning FY 2011 will resume \$5.0 million from RIIF and \$7.0 million from General Fund)



# Other Infrastructure Funds

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- **Technology Reinvestment Fund**
  - **Created during the 2006 Legislative Session**
  - **\$17.5 million standing appropriation from General Fund**
    - FY 2009 and FY 2010, funding is from RIIF
  - **FY 2010, available funding is \$17.3 million**
  
- **Prison Bonding Fund**
  - **Tax-exempt bonds issued in two series 2009 and 2011**
  - **Expected proceeds \$131.0 million**
  - **Debt service paid from existing Prison Infrastructure Fund (PIF)**
    - Beginning FY 2011, additional judicial revenue needed in PIF
      - \$8.5 million



# Other Infrastructure Funds

## Tobacco Funds

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- **RCF and RC2 - remaining moneys from interest**
  - **FY 2010 - \$200,000 available in RCF**
  - **FY 2010 - \$1.6 million available in RC2**
  
- **Status of RC3**
  - **Market will not achieve \$183.0 million threshold**
  - **Options available:**
    - **Lower threshold to closer align with market**
      - \$146.0 million as of December 2008
    - **Restructure the authorization**
      - Moral obligation language
      - Appropriation bond





# Use of Restricted Capital Tax Exempt Bond Proceeds

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- **Following are restricted capital from tax-exempt bonds:**
  - **RCF**
  - **RC2**
  - **RC3 (and any restructuring or amended plan)**
  - **PBF**
  
- **Restrictions by IRS and federal law:**
  - **Depreciable asset**
    - Best if relatively long useful life – look at weighted average
      - Weighted average maturity of the bonds can not exceed the average useful life of the bond-financed property by more than 20%.
  - **Public use – no private activity**
  - **Time limit for expenditure – normally 5 years**



# Questions?

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If you have any further questions, please call or e-mail us:

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